REPORT OF THE
DEPARTMENT OF HEALTH ON

OPPORTUNITIES FOR AGENCIES OF THE COMMONWEALTH TO SUPPORT VIRGINIA=S FREE CLINICS AND COMMUNITY AND MIGRANT HEALTH CENTERS

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

COMMONWEALTH OF VIRGINIA
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EXECUTIVE SUMMARY

Senate Joint Resolution 112, passed by the 1998 General Assembly, requested the Virginia Department of Health, in cooperation with the Joint Commission on Health Care, Department of Health Professions, Board of Pharmacy, Department of Medical Assistance Services, Department of Social Services, State Area Health Education Centers Program, the Commonwealth=s academic centers, other appropriate public and private entities, and health care consumer advocates, to study opportunities for agencies of the Commonwealth to support the free clinics, the Virginia Association of Free Clinics, and the community and migrant health centers. This study addresses the ways in which the efficiency and effectiveness of these safety-net providers can be improved through enhanced coordination with state agencies and through financial assistance, either direct or indirect, from the state.

Free clinics and community and migrant health centers are generally referred to as safety-net providers. Safety-net providers offer accessible health care at no charge or on a discounted fee scale to those who cannot afford to pay for health care services.

A free clinic is a private, nonprofit, community-based organization which assesses the deficiencies in a local health care delivery system and attempts to fill these deficiencies through the use of volunteer health care professionals and through coordination and collaboration with other providers. They provide medical care, dental care, and prescription medications for the indigent and uninsured. Funding for free clinics comes almost entirely from the private sector (e.g., United Way, foundations, businesses, civic organizations, individuals, etc.), with forty-seven hospitals providing in-kind services.

Community and migrant health centers are federally assisted (authorized under Section 330 and 340 of the Public Health Act) private, nonprofit organizations formed by local communities to bring primary health care into a medically underserved area. These health centers receive cost-based reimbursement from the Health Care Financing Administration for Medicaid and Medicare patients under the Federally Qualified Health Center Program. They also receive reimbursements from other third party payers and accept payments from uninsured patients based on a sliding fee scale. Payment on a sliding fee scale is based on family size and income.

The task force for the study was formed and convened on August 7, 1998. Task force members included the following: Virginia Association of Free Clinics, Virginia Primary Care Association, Virginia Department of Health, Virginia Department of Social Services, Virginia Department of Medical Assistance Services, Board of Pharmacy of the Department of Health Professions, State Area Health Education Centers Program, Joint Commission on Health Care, Virginia Health Care Foundation, Virginia Pharmacists Association, and Medical College of Virginia/Virginia Commonwealth University Department of Pharmacy and Pharmaceutics. The names of the individuals representing these agencies and organizations are included in Appendix A. Prior to the August 7 meeting, staff of the Virginia Department of Health met with the Virginia Association of Free Clinics and

the Virginia Primary Care Association on several occasions. In addition, staff met in person or via telephone with staff of various organizations on the task force as well as other entities that had some impact on the study issues.

The task force examined the following objectives that were identified in the resolution:

Objective #1: Assess the benefits of free clinics and community and migrant health centers receiving direct or indirect state funding, the purpose for which funds might be sought, and the mechanism by which funds might be allocated.

Objective #2: Study the impact of allowing free clinics and community and migrant health centers to purchase pharmaceuticals, equipment, supplies and services through state purchasing contracts and state service providers.

Objective #3: Analyze how the Board of Pharmacy, Virginia Association of Free Clinics and the Virginia Primary Care Association can work collaboratively to enhance the ability of appropriate organizations to provide medications to the uninsured.

Objective #4: Analyze how the Department of Health and other state agencies might donate equipment such as dental trailers and computers to free clinics and community and migrant health centers.

Objective #5: Assess how the free clinics and community and migrant health centers might be utilized for clinical practice sites for medical and dental educational programs and other health professional training programs.

Objective #6: Analyze how free clinics and community and migrant health centers might procure medical records from state agencies at no charge.

Objective #7: Analyze how the free clinics, community and migrant and health centers, and local Departments of Social Services can collaborate on providing access to health through Medicaid enrollments.

Objective #8: Examine how tax credits and other incentives for health care professionals and businesses may be developed, expanded or amended to support the free clinics and community and migrant health centers.

Information related to the study issues and objectives was collected from free clinics and community and migrant health centers through a survey that was distributed by their membership organizations, the Virginia Association of Free Clinics and the Virginia Primary Care Association. The survey responses were summarized for discussion by the study task force.

The task force identified and discussed many options. As a result, several options are presented for each objective. However, the three issues that generated the most discussion were:

- the need to make *state surplus and state contracts* available for providers of care to the indigent and uninsured.

- lack of access to *pharmaceuticals* compromises quality of care for the indigent and uninsured.

- the need to *facilitate the enrollment process* for Medicaid and the VACMSIP through out-stationing eligibility workers and through training in the completion of the mail-in application form for these programs.

Of the various options proposed by the task force, VDH offers the following recommendations as those which will most strengthen the Commonwealth=s support of safety-net providers, especially free clinics and community and migrant health centers, in their delivery of primary health care services to the indigent and uninsured. These recommendations will strengthen the coordination of state programs, such as local health departments, Medicaid, VACMSIP, by providing a focal point around some pressing health care needs of the uninsured.

Recommendations

I. State Surplus and State Contracts

A. Removing Barriers from the Code of Virginia

Amend the *Code of Virginia* to facilitate purchase by nonprofit 501 (c) (3) organizations, providing health care to the indigent and uninsured, pharmaceuticals, medical supplies and equipment from state contracts.

1. Amend Title 2.1, Chapter 32, Article 3 (Addressing the operations of DGS) to include a new section, to become ∋2.1-447.1, reading as follows: **Direct Purchases by Virginia Charitable Corporations**: The Division shall allow Virginia charitable corporations, authorized as non-profit under Section 501 (c) (3) of the *Internal Revenue Code* and operating as clinics that are organized for the delivery of health care services without charge, to purchase directly from contracts established for state agencies and public bodies by the Division.

2. Amend the Virginia Public Procurement Act by adding a new subsection to ∋11-45 to

read: The Department of Health may enter into contracts for health care services with Virginia charitable corporations, authorized as non-profit under Section 501 (c) (3) of the *Internal Revenue Code* and operating as clinics that are organized for the delivery of health care services without charge, without competitive sealed bidding or competitive negotiation when the non-profit corporation is providing health care services within the community served by the non-profit organization.

Change the *Code of Virginia* so that surplus state property can be transferred and/or sold by state agencies to providers of health care to the indigent and uninsured.

3. Amend ∋2.1-457.2 (B) (1) of the *Code of Virginia* to read: Permit surplus materials to be transferred between or sold to departments, divisions, institutions, agencies of the Commonwealth and Virginia charitable corporations, authorized as non-profit under Section 501 (c) (3) of the *Internal Revenue Code* and operating as clinics that are organized for the delivery of health care services without charge to the indigent and uninsured of Virginia.

B. Removing Organizational Barriers

1. Encourage local health departments to enter into partnerships, leases and agreements with free clinics and community and migrant health centers for the continuation of health care services to the indigent and the uninsured to maximize usage of local health department facilities and equipment.

II. Indigent Care Pharmacy Program

A. Establishment of the Program

1. Develop a partnership between the Virginia Department of Health, the Virginia Board of Pharmacy, Virginia Pharmacists Association and the Indigent Care Trust Fund (DMAS) to create an Indigent Care Pharmaceutical Program (See Appendix E). The emphasis would be on using local pharmacists and pharmacies to provide services for the working poor, indigent and uninsured. The task force has proposed several options for funding the pharmacist=s dispensing fees and the purchase of pharmaceuticals which are included within these recommendations.

B. Facilitation

1. Create a joint workgroup of members of the appropriate Health and Human Resources agencies, the Board of Pharmacy, the Virginia Association of Free Clinics, and the

Virginia Primary Care Association to (i) identify potential barriers of existing pharmaceutical regulations and (ii) recommend interpretive guidelines for the operation of free clinic pharmacies.

C. Funding Purchase of Pharmaceuticals

1. Request the Technical Advisory Panel of the Indigent Care Trust Fund, administered by DMAS, to consider establishing an indigent care pharmaceutical pilot project for the indigent and uninsured [Per ∋32.1-338 (B) of the *Code of Virginia*].

2. Amend the *Code of Virginia* [∋63.1-323 (D)] to develop a separate allocation of tax credits for pharmaceutical supplies to meet the needs of medically indigent patients to be administered by community nonprofit pharmacies and/or primary care health organizations.

3. Amend the *Code of Virginia* (∋32.1-34.1) to create a special nonreverting pharmaceutical fund account supported by private sector donations, from which purchases would be made and distributed to patients of any qualified health care provider of indigent care. Contributors would receive designated state tax credits for their donations. VDH and/or DMAS could administer such funds.

D. Pharmacist Incentive

1. Amend the *Code of Virginia* (∋63.1-325) to provide Virginia tax credits for commercial pharmacies to recover dispensing/shelving costs related to the distribution of prescription medications to the indigent.

2. Amend the *Code of Virginia* (∋63.1-325) to include licensed nurse practitioners, physician assistants, and pharmacists in the list of eligible providers who can receive tax credits for services rendered at a clinic or medical facility.

III. Eligibility

1. Request that all local health departments assess the feasibility of using eligibility workers.

2. Request the Virginia Department of Social Services to provide training for staff/volunteers of free clinics, community and migrant health centers and others to assist individuals in completing Medicaid/VACMSIP mail-in eligibility application forms.

3. Request the Virginia Departments of Social Services and Health to develop materials to communicate and market the benefits of the Neighborhood Assistance Program (NAP) to volunteer health care professionals as a recruitment incentive tool.

IV. Other

1. Request the Office of the Attorney General and the Department of Taxation to provide clarification as to whether the receipt of NAP tax credits would nullify a volunteer health care provider=s Aimmunity from liability≅ as defined by the *Code of Virginia* (ə32.1-127.3, ə54.1-106).

The Complete Senate Joint Resolution 112 Report can be obtained by contacting the CENTER FOR PRIMARY CARE AND RURAL HEALTH at 804-786-4891 or by writing THE CENTER FOR PRIMARY CARE AND RURAL HEALTH, Virginia Department of Health, 1500 East Main Street, Suite 227, Richmond, VA 23219.

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